

# House File 110 - Introduced

HOUSE FILE 110

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 38)

## A BILL FOR

1 An Act relating to taxation by updating the Code references  
2 to the Internal Revenue Code and decoupling from certain  
3 federal bonus depreciation provisions, providing certain  
4 taxpayers additional time to file a claim for refund or  
5 credit of individual income tax, extending the property  
6 assessment appeal board, and including effective date and  
7 retroactive applicability provisions.  
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

INTERNAL REVENUE CODE REFERENCES

1  
2  
3 Section 1. Section 15.335, subsection 7, paragraph b, Code  
4 2013, is amended to read as follows:

5 *b.* For purposes of this section, "*Internal Revenue Code*"  
6 means the Internal Revenue Code in effect on January 1, ~~2012~~  
7 2013, and as amended by the American Taxpayer Relief Act of  
8 2012, Pub. L. No. 112-240.

9 Sec. 2. Section 422.3, subsection 5, Code 2013, is amended  
10 to read as follows:

11 5. "*Internal Revenue Code*" means the Internal Revenue Code  
12 of 1954, prior to the date of its redesignation as the Internal  
13 Revenue Code of 1986 by the Tax Reform Act of 1986, or means  
14 the Internal Revenue Code of 1986 as amended to and including  
15 January 1, ~~2012~~ 2013, and as amended by the American Taxpayer  
16 Relief Act of 2012, Pub. L. No. 112-240.

17 Sec. 3. Section 422.9, subsection 2, paragraph i, Code 2013,  
18 is amended to read as follows:

19 *i.* The deduction for state sales and use taxes is allowable  
20 only if the taxpayer elected to deduct the state sales and use  
21 taxes in lieu of state income taxes under section 164 of the  
22 Internal Revenue Code. A deduction for state sales and use  
23 taxes is not allowed if the taxpayer has taken the deduction  
24 for state income taxes or claimed the standard deduction under  
25 section 63 of the Internal Revenue Code. This paragraph  
26 applies to taxable years beginning after December 31, 2003, and  
27 before January 1, 2008, and to taxable years beginning after  
28 December 31, 2009, and before January 1, ~~2012~~ 2014.

29 Sec. 4. Section 422.10, subsection 3, paragraph b, Code  
30 2013, is amended to read as follows:

31 *b.* For purposes of this section, "*Internal Revenue Code*"  
32 means the Internal Revenue Code in effect on January 1, ~~2012~~  
33 2013, and as amended by the American Taxpayer Relief Act of  
34 2012, Pub. L. No. 112-240.

35 Sec. 5. Section 422.32, subsection 1, paragraph g, Code

1 2013, is amended to read as follows:

2 *g.* "*Internal Revenue Code*" means the Internal Revenue Code  
3 of 1954, prior to the date of its redesignation as the Internal  
4 Revenue Code of 1986 by the Tax Reform Act of 1986, or means  
5 the Internal Revenue Code of 1986 as amended to and including  
6 January 1, ~~2012~~ 2013, and as amended by the American Taxpayer  
7 Relief Act of 2012, Pub. L. No. 112-240.

8 Sec. 6. Section 422.33, subsection 5, paragraph d,  
9 subparagraph (2), Code 2013, is amended to read as follows:

10 (2) For purposes of this subsection, "*Internal Revenue Code*"  
11 means the Internal Revenue Code in effect on January 1, ~~2012~~  
12 2013, and as amended by the American Taxpayer Relief Act of  
13 2012, Pub. L. No. 112-240.

14 Sec. 7. EFFECTIVE UPON ENACTMENT. This division of this  
15 Act, being deemed of immediate importance, takes effect upon  
16 enactment.

17 Sec. 8. RETROACTIVE APPLICABILITY. This division of this  
18 Act applies retroactively to January 1, 2012, for tax years  
19 beginning on or after that date.

20 DIVISION II

21 BONUS DEPRECIATION

22 Sec. 9. Section 422.7, subsection 39A, unnumbered paragraph  
23 1, Code 2013, is amended to read as follows:

24 The additional first-year depreciation allowance authorized  
25 in section 168(k) of the Internal Revenue Code, as enacted by  
26 Pub. L. No. 110-185, § 103, Pub. L. No. 111-5, § 1201, Pub. L.  
27 No. 111-240, § 2022, ~~and~~ Pub. L. No. 111-312, § 401, and Pub. L.  
28 No. 112-240, § 331, does not apply in computing net income for  
29 state tax purposes. If the taxpayer has taken the additional  
30 first-year depreciation allowance for purposes of computing  
31 federal adjusted gross income, then the taxpayer shall make the  
32 following adjustments to federal adjusted gross income when  
33 computing net income for state tax purposes:

34 Sec. 10. Section 422.35, subsection 19A, unnumbered  
35 paragraph 1, Code 2013, is amended to read as follows:

1 The additional first-year depreciation allowance authorized  
2 in section 168(k) of the Internal Revenue Code, as enacted by  
3 Pub. L. No. 110-185, § 103, Pub. L. No. 111-5, § 1201, Pub. L.  
4 No. 111-240, § 2022, ~~and~~ Pub. L. No. 111-312, § 401, and Pub. L.  
5 No. 112-240, § 331, does not apply in computing net income for  
6 state tax purposes. If the taxpayer has taken the additional  
7 first-year depreciation allowance for purposes of computing  
8 federal taxable income, then the taxpayer shall make the  
9 following adjustments to federal taxable income when computing  
10 net income for state tax purposes:

11 Sec. 11. EFFECTIVE UPON ENACTMENT. This division of this  
12 Act, being deemed of immediate importance, takes effect upon  
13 enactment.

14 Sec. 12. RETROACTIVE APPLICABILITY. This division of this  
15 Act applies retroactively to January 1, 2013, for tax years  
16 ending on or after that date.

17 DIVISION III

18 FILING OF CLAIMS

19 Sec. 13. Section 422.73, Code 2013, is amended by adding the  
20 following new subsection:

21 NEW SUBSECTION. 1A. Notwithstanding subsection 1, a claim  
22 for refund or credit of the individual income tax paid which  
23 resulted from a reduction in a person's federal adjusted gross  
24 income due to section 1106 of the FAA Modernization and Reform  
25 Act of 2012, Pub. L. No. 112-95, shall be considered timely if  
26 the claim is filed with the department on or before June 30,  
27 2013.

28 Sec. 14. EFFECTIVE UPON ENACTMENT. This division of this  
29 Act, being deemed of immediate importance, takes effect upon  
30 enactment.

31 Sec. 15. RETROACTIVE APPLICABILITY. This division of this  
32 Act applies retroactively to January 1, 2012, for refund or  
33 credit claims filed on or after that date.

34 DIVISION IV

35 PROPERTY ASSESSMENT APPEAL BOARD



1 and corporations in economic development areas to include the  
2 federal changes to the research activities credit and the  
3 alternative simplified research activities credit.

4 Code section 422.9 provides individuals a deduction from net  
5 income for state sales and use taxes if the individual chose  
6 to deduct sales and use tax in lieu of state income taxes or  
7 the standard deduction for federal income tax purposes. This  
8 deduction was set to expire under both federal and Iowa law for  
9 tax years beginning on or after January 1, 2012. The American  
10 Taxpayer Relief Act of 2012 extended the federal deduction for  
11 the 2012 and 2013 tax years. This division extends the Iowa  
12 deduction for the 2012 and 2013 tax years.

13 Division I takes effect upon enactment and applies  
14 retroactively to January 1, 2012, for tax years beginning on  
15 or after that date.

16 DIVISION II — BONUS DEPRECIATION. The division decouples,  
17 for Iowa income tax purposes, from the federal additional  
18 first-year depreciation allowance in section 168(k) of the  
19 Internal Revenue Code which was extended by the American  
20 Taxpayer Relief Act of 2012.

21 Division II takes effect upon enactment and applies  
22 retroactively to January 1, 2013, for tax years ending on or  
23 after that date.

24 DIVISION III — FILING OF CLAIMS. The division amends  
25 Code section 422.73, relating to the period of limitation to  
26 claim a tax refund or credit, to provide additional time for  
27 taxpayers affected by the FAA Modernization and Reform Act of  
28 2012, Pub. L. No. 112-95, to request a refund or credit of Iowa  
29 individual income tax paid. The federal law allows a qualified  
30 airline employee who received a settlement payment from an  
31 airline company in bankruptcy to roll over that amount into a  
32 traditional individual retirement account (IRA) and exclude  
33 that amount from adjusted gross income in the year in which it  
34 was received. The federal law allowed additional time, until  
35 April 15, 2013, for a refund to be requested for federal income

1 tax purposes provided the rollover occurred within 180 days of  
2 February 14, 2012. Iowa taxpayers whose federal adjusted gross  
3 income was reduced due to this federal law have until June 30,  
4 2013, to request a refund or credit for Iowa individual income  
5 tax paid.

6 Division III takes effect upon enactment and applies  
7 retroactively to January 1, 2012, for refund or credit claims  
8 filed on or after that date.

9 DIVISION IV — PROPERTY ASSESSMENT APPEAL BOARD. Division  
10 IV of the bill relates to the property assessment appeal  
11 board created under Code section 421.1A. 2005 Iowa Acts,  
12 chapter 150, section 134, provides that the board is repealed  
13 effective July 1, 2013. The bill repeals 2005 Iowa Acts,  
14 chapter 150, section 134, strikes provisions relating to the  
15 property assessment appeal board review committee, and makes  
16 corresponding changes related to the extension of the board.  
17 Division IV takes effect upon enactment.